

# HOUSE BILL No. 1567

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-13-2-20; IC 6-1.1; IC 12-19-5-1; IC 12-19-5-9; IC 12-19-7.

**Synopsis:** Funding of child services. Freezes the amount of a county's obligation to provide local funding for child services from the county family and children's fund at an amount equal to the county's contribution for 2005. Requires the department of child services to provide any additional funding necessary to pay the costs of child services. Eliminates the duty of a county to enter into a temporary loan or issue bonds or other obligations to provide for the difference between the amount levied and the amount needed to pay for child services. Requires the budget agency to reimburse a county for child services expenditures in 2006 and 2007 that exceeded the county's contribution for child services in 2005.

**Effective:** July 1, 2007; January 1, 2008.

Crawford

January 23, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1567

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-13-2-20, AS AMENDED BY P.L.160-2006,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2008]: Sec. 20. (a) Except as otherwise provided in this  
4 section, IC 12-17-19-19, **IC 12-19-7-35**, or IC 12-8-10-7, payment for  
5 any services, supplies, materials, or equipment shall not be paid from  
6 any fund or state money in advance of receipt of such services,  
7 supplies, materials, or equipment by the state.  
8 (b) With the prior approval of the budget agency, payment may be  
9 made in advance for any of the following:  
10 (1) War surplus property.  
11 (2) Property purchased or leased from the United States  
12 government or its agencies.  
13 (3) Dues and subscriptions.  
14 (4) License fees.  
15 (5) Insurance premiums.  
16 (6) Utility connection charges.  
17 (7) Federal grant programs where advance funding is not

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prohibited and, except as provided in subsection (i), the contracting party posts sufficient security to cover the amount advanced.

(8) Grants of state funds authorized by statute.

(9) Employee expense vouchers.

(10) Beneficiary payments to the administrator of a program of self-insurance.

(11) Services, supplies, materials, or equipment to be received from an agency or from a body corporate and politic.

(12) Expenses for the operation of offices that represent the state under contracts with the Indiana economic development corporation and that are located outside Indiana.

(13) Services, supplies, materials, or equipment to be used for more than one (1) year under a discounted contractual arrangement funded through a designated leasing entity.

(14) Maintenance of equipment and maintenance of software if there are appropriate contractual safeguards for refunds as determined by the budget agency.

(15) Exhibits, artifacts, specimens, or other unique items of cultural or historical value or interest purchased by the state museum.

(c) Any state agency and any state college or university supported in whole or in part by state funds may make advance payments to its employees for duly accountable expenses exceeding ten dollars (\$10) incurred through travel approved by the employee's respective agency director in the case of a state agency and by a duly authorized person in the case of any such state college or university.

(d) The auditor of state may, with the approval of the budget agency and of the commissioner of the Indiana department of administration:

(1) appoint a special disbursing officer for any state agency or group of agencies where it is necessary or expedient that a special record be kept of a particular class of disbursements or where disbursements are made from a special fund; and

(2) approve advances to the special disbursing officer or officers from any available appropriation for the purpose.

(e) The auditor of state shall issue the auditor's warrant to the special disbursing officer to be disbursed by the disbursing officer as provided in this section. Special disbursing officers shall in no event make disbursements or payments for supplies or current operating expenses of any agency or for contractual services or equipment not purchased or contracted for in accordance with this chapter and IC 5-22. No special disbursing officer shall be appointed and no money

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shall be advanced until procedures covering the operations of special disbursing officers have been adopted by the Indiana department of administration and approved by the budget agency. These procedures must include the following provisions:

(1) Provisions establishing the authorized levels of special disbursing officer accounts and establishing the maximum amount which may be expended on a single purchase from special disbursing officer funds without prior approval.

(2) Provisions requiring that each time a special disbursing officer makes an accounting to the auditor of state of the expenditure of the advanced funds, the auditor of state shall request that the Indiana department of administration review the accounting for compliance with IC 5-22.

(3) A provision that, unless otherwise approved by the commissioner of the Indiana department of administration, the special disbursing officer must be the same individual as the procurements agent under IC 4-13-1.3-5.

(4) A provision that each disbursing officer be trained by the Indiana department of administration in the proper handling of money advanced to the officer under this section.

(f) The commissioner of the Indiana department of administration shall cite in a letter to the special disbursing officer the exact purpose or purposes for which the money advanced may be expended.

(g) A special disbursing officer may issue a check to a person without requiring a certification under IC 5-11-10-1 if the officer:

(1) is authorized to make the disbursement; and

(2) complies with procedures adopted by the state board of accounts to govern the issuance of checks under this subsection.

(h) A special disbursing officer is not personally liable for a check issued under subsection (g) if:

(1) the officer complies with the procedures described in subsection (g); and

(2) funds are appropriated and available to pay the warrant.

(i) For contracts entered into between the department of workforce development or the Indiana commission on vocational and technical education and:

(1) a school corporation (as defined in IC 20-18-2-16); or

(2) a state educational institution (as defined in IC 20-12-0.5-1);

the contracting parties are not required to post security to cover the amount advanced.

SECTION 2. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JANUARY 1, 2008]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body or the county board of tax adjustment reduces:

(1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance; **or**

~~(2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or~~

~~(3) (2) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.~~

SECTION 3. IC 6-1.1-18.5-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed under any of the following:

(1) IC 12-16, except IC 12-16-1.

(2) IC 12-19-5.

(3) IC 12-19-7.

(4) IC 12-19-7.5.

(5) IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

~~(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.~~

SECTION 4. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006, SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

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(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed *on or before March 1 of* each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county) (*before its repeal*); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

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(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special education preschool fund; plus

(vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible ~~general fund~~ tuition support levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 (*before its repeal*) or IC 20-46-4-10 for an increase in a school corporation's maximum permissible ~~general~~ transportation fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under ~~IC 6-1.1-19~~

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IC 6-1.1-19-4.5 (*before its repeal*), including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 (*before its repeal*), IC 20-45-3, or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE (*as effective January 1, 1990*) or IC 6-1.1-18.5-19(b) STEP THREE (*as effective January 1, 1990*), whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) (*as effective before January 1, 1989*), filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (*repealed*) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (*as effective January 1, 1995*) for property taxes payable in 1995; or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b) (*as effective before March 16, 2004*) and IC 12-19-7-4 (*as effective after March 15, 2004*); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 (*before its repeal*) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (*as effective January 1, 1995*) for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) (*as effective before March 16, 2004*) and IC 12-19-7-4; (*as effective after March 15, 2004*) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home

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assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes ~~which~~ *that* each county auditor is required to prepare ~~on or before March 1 of~~ each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or  
(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means,

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except as otherwise provided by law, the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) "Board" refers to the property tax replacement fund board established under section 10 of this chapter.

SECTION 5. IC 12-19-5-1, AS AMENDED BY P.L.234-2005, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) In addition to the other method of welfare financing provided by this article, the department may conduct a public hearing to determine whether to recommend to a county to borrow money under this chapter on a short term basis to fund:

~~(1) child services under IC 12-19-7-1;~~

~~(2) (1) children's psychiatric residential treatment services under IC 12-19-7.5; or~~

~~(3) (2) other welfare services in the county payable from the family and children's fund or the children's psychiatric residential treatment services fund;~~

if the department determines that ~~the family and children's fund or the children's psychiatric residential treatment services fund~~ will be exhausted before the end of a fiscal year.

(b) In the ~~the~~ hearing, the department must present facts that show the following:

(1) That the amount of money in ~~the family and children's fund or the children's psychiatric residential treatment services fund~~ will be insufficient to fund the appropriate services within the county under this article.

(2) The amount of money that the department estimates will be

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needed to fund that deficit.

SECTION 6. IC 12-19-5-9, AS AMENDED BY P.L.234-2005, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. The department or a county fiscal body may not do the following:

(1) Recommend or approve a request to borrow money made under this chapter unless the body determines that the ~~family and children's fund~~ or the children's psychiatric residential treatment services fund will be exhausted before the particular fund can fund all county obligations incurred under this article.

(2) Recommend or approve a loan that will exceed the amount of the estimated deficit.

SECTION 7. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A family and children's fund is established in each county. ~~The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:~~

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items; awards; claims; allowances; assistance; and other expenses set forth in the annual budget under section 6 of this chapter.

~~(b)~~ The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected:

~~(c)~~ **(b)** The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All receipts from the tax imposed under ~~this~~ **section 4 of this chapter.**

(2) All grants-in-aid, whether received from the federal government or state government.

**(3) The amount distributed to a county auditor under section 35 of this chapter for the purpose of paying for child services.**

~~(3)~~ **(4)** Any other money required by law to be placed in the fund.

~~(d)~~ **(c)** The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

~~(e)~~ **(d)** Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 8. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) For taxes first due and payable in each

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year after ~~2005~~, **2007**, each county shall impose a county family and children's fund property tax levy for the next fiscal year equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year: amount determined under subsection (b), as certified by the department of local government finance.

(b) A county shall annually impose under subsection (a) the department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3: amount determined under STEP TWO of the following formula:

**STEP ONE: Determine the sum of the following:**

(A) The amount of property taxes levied for the fund and used to pay the costs incurred by the county for child services provided in 2005, including any cash balance in the fund on January 1, 2005, that is attributable to a levy for the fund.

(B) The principal amount (excluding any prepaid interest, fees, or costs of issuance) of any bonds, loan, or transfer from another fund used by the county to pay the costs incurred by the county for child services provided in 2005.

**STEP TWO: Determine the greater of zero (0) or the result determined by subtracting from the STEP ONE amount any part of the STEP ONE amount that was reimbursed from grants, fees, or other charges before July 1, 2007.**

(c) Not later than August 1, 2007, the department of local government finance, with the assistance of the department of child services and the budget agency, shall certify to each county auditor and the budget agency the amount determined for the county under subsection (b). The department of local government finance may correct any error in the certified amount by recertifying the amount to the county auditor. The latest amount certified to a county auditor and the budget agency shall be levied in the county in each year following the year in which the amount is certified.

SECTION 9. IC 12-19-7-9, AS AMENDED BY P.L.234-2005, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. The budget and the tax levy recommended by the department shall be:

(1) certified to the county auditor; and

(2) filed for consideration by the county fiscal body. and

(3) filed with the department of local government finance.

SECTION 10. IC 12-19-7-11, AS AMENDED BY P.L.234-2005,

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SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. In September of each year, at the time provided by law, the county fiscal body shall do the following:

(1) Make the appropriations out of the family and children's fund that are:

(A) based on the budget as submitted; and

(B) necessary to pay the child services of the county for the next fiscal year.

(2) Levy a tax in ~~an~~ the amount ~~necessary equal to produce the appropriated money.~~ **amount required under section 4 of this chapter.**

SECTION 11. IC 12-19-7-15, AS AMENDED BY P.L.234-2005, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 15. (a) If at any time the department determines that the family and children's fund is exhausted or will be exhausted before the close of a fiscal year, the department shall prepare an estimate and statement showing the amount of money, in addition to the money already made available, that will be necessary to defray the expenses of the department and pay the obligations of the department, excluding administrative expenses and facilities, supplies, and equipment expenses for the department, in the administration of the department's activities for the unexpired part of the fiscal year.

(b) The department shall do the following:

(1) Certify the estimate and statement to the county executive.

(2) File the estimate and statement with the county auditor.

~~(3) File the estimate and statement with the department of local government finance.~~

SECTION 12. IC 12-19-7-16, AS AMENDED BY P.L.234-2005, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. ~~(a)~~ The county executive shall consider and ~~act~~ **adopt a supplemental budget appropriation** upon an estimate and statement under section 15 of this chapter at:

(1) the county executive's regular session immediately following the filing of the estimate and statement; or

(2) a special session that is:

(A) called for the purpose of considering and acting upon the estimate and statement; and

(B) called before the executive's regular session described in subdivision (1);

**without giving the notice and conducting the public hearing otherwise required under IC 6-1.1-18-5.**

~~(b) The county executive shall, for and on behalf of the county,~~

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borrow sufficient money to carry out the purposes described in section 15 of this chapter if after consideration of the estimate and statement the county executive finds the following:

(1) That the department has not certified a recommendation to borrow money under IC 12-19-5.

(2) That the amount of money required; in addition to any money already available; to defray the expenses and pay the obligations of the department in the administration of the county's child services for the unexpired part of the fiscal year; is greater than the amount of money that may be advanced from the general fund of the county.

(c) If the county executive fails to borrow sufficient money to carry out the purposes under section 15 of this chapter either under this chapter or IC 12-19-5, the department may appeal to the department of local government finance for a determination. A copy of the appeal must be filed with the county fiscal body. The department of local government finance shall immediately conduct a hearing in the county on an appeal filed under this subsection. If the department determines that insufficient money is available to carry out the purposes under section 15 of this chapter; the department of local government finance shall issue an appropriate order. The order may allow the county to reduce its general fund budget and transfer sufficient money to the fund or require the county to borrow money for the fund to carry out the purposes under section 15 of this chapter.

SECTION 13. IC 12-19-7-35 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 35. The department shall, on the schedule determined by the budget agency, distribute to a county auditor for deposit in the fund the greater of zero (0) or the difference between:**

(1) the balance deposited in the fund from other sources, including levies, excise taxes deposited in the fund based on the amount of the levy for the fund, grants, fees, and charges; and

(2) the amount appropriated for child services under sections 11 and 16 of this chapter.

Advance distributions under this section shall be made in a manner and on a schedule that avoids the necessity for a county to transfer money to the fund from another fund or to issue bonds or enter into loans to pay the costs of child services as the obligations become due.

SECTION 14. THE FOLLOWING ARE REPEALED [EFFECTIVE

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JANUARY 1, 2008]: IC 12-19-7-7; IC 12-19-7-11.1; IC 12-19-7-17;  
 IC 12-19-7-18; IC 12-19-7-19; IC 12-19-7-20; IC 12-19-7-21;  
 IC 12-19-7-22; IC 12-19-7-23; IC 12-19-7-24; IC 12-19-7-25;  
 IC 12-19-7-26; IC 12-19-7-27; IC 12-19-7-28; IC 12-19-7-29;  
 IC 12-19-7-30; IC 12-19-7-31; IC 12-19-7-32; IC 12-19-7-33.

SECTION 15. [EFFECTIVE JULY 1, 2007] (a) **An amount that would have been levied after December 31, 2007, from a county family and children's fund for:**

(1) **the repayment of a loan from another fund; or**

(2) **the payment of the principal and interest of a loan under IC 12-19-5 or bonds issued under IC 12-19-7;**

**if this act had not been enacted shall be levied after December 31, 2007, from a county debt service fund and not the county family and children's fund.**

(b) **The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 do not apply to ad valorem property taxes imposed by a civil taxing unit to pay or fund an obligation described in this SECTION. For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by IC 6-1.1-18.5-3, the civil taxing unit's ad valorem property tax levy for a calendar year does not include that part of a levy that is committed to fund or pay an obligation described in this SECTION.**

(c) **IC 6-1.1-18.5-8(b) does not apply to an obligation to which this SECTION applies, including any levy imposed to refinance the obligation.**

(d) **A levy to pay an obligation described in this SECTION is not part of a county's total county tax levy (as defined in IC 6-1.1-21-2, as amended by this act) for purposes of calculating property tax replacement credits or homestead credits.**

(e) **IC 12-19-7-4 and IC 12-19-7-11, both as amended by this act, and the repeal of IC 12-19-7-7 by this act do not apply to the 2007 child services budget or the 2007 property tax levy for the family and children's fund. A county and the department of child services shall, in 2007, prepare and adopt the 2008 budget for child services and the 2008 property tax levy for the family and children's fund in conformity with IC 12-19-7-4 and IC 12-19-7-11, as amended by this act, and in a manner that treats IC 12-19-7-7 as repealed.**

(f) **As used in this subsection, "child services" has the meaning set forth in IC 12-19-7-1. Not later than August 1, 2008, the department of local government finance, with the assistance of the budget agency and the department of child services, shall certify to each county auditor and the budget agency the amount determined**

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for the county under STEP FOUR of the following formula:

**STEP ONE: Determine the sum of the following:**

(A) The amount of property taxes levied for the family and children's fund and used to pay the costs incurred by the county for child services provided in 2006 or 2007, including any cash balance in the fund on January 1, 2006, that is attributable to a levy for the family and children's fund.

(B) The principal amount (excluding any prepaid interest, fees, or costs of issuance) of any bonds, loan, or transfer from another fund used by the county to pay the costs incurred by the county for child services provided in 2006 or 2007.

**STEP TWO: Determine the greater of zero (0) or the result determined by subtracting from the STEP ONE amount any part of the STEP ONE amount that was reimbursed from grants, fees, or other charges received by the county before July 1, 2008.**

**STEP THREE: Determine the sum of the levies for the family and children's fund that the county would have imposed in 2006 and 2007 if IC 12-19-7-4, as amended by this act, had been in effect for that year.**

**STEP FOUR: Determine the greater of zero (0) or the result determined by subtracting the STEP THREE amount from the STEP TWO result.**

The department of child services may correct any error in the amount certified under this subsection not later than December 1, 2008, by recertifying the amount to the county auditor. The latest amount certified to a county auditor and the budget agency shall be the amount distributed to a county under subsection (g).

(g) Not later than the December 20, 2008, the budget agency shall distribute to the county auditor for the county the amount determined for the county under subsection (e). An amount distributed under this subsection may be deposited and used by a county only as follows:

(1) Money distributed under this subsection must be used to pay the principal, interest, and any other costs related to retiring an obligation transferred to the county's debt service fund under this SECTION.

(2) Any money remaining after the retirement of all debt described in subdivision (1) shall be deposited in the county's levy excess fund and used in the same manner as a deposit of

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1           a levy excess (as defined in IC 6-1.1-18.5-17) in the levy excess  
2           fund.  
3       **The department of local government finance shall enforce this**  
4       **subsection.**

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